

EXHIBIT 12

C A R L O S L A M O U T T E

ADVISOR • ATTORNEY • NOTARY

June 22, 2021

BY U.S. MAIL AND ELECTRONIC MAIL

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**Re: FOLLOW-UP TO FORMAL PETITION TO THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO REQUESTING *EX POST FACTO*
REVISION AND DECLARATION OF ANNULMENT AND AVOIDANCE OF
PUERTO RICO GOVERNMENT CONTRACT**

**(Civil Case Number SJ2020CV04491 - \$385,000,000 Lender Liability Class Action filed against Banco
de Desarrollo Económico para Puerto Rico, PR Recovery and Development JV, LLC, Arena Investors,
LP, and Mr. Luis Burdiel Agudo)**

Dear Ms. Jaresko and Mr. El Koury:

Reference is made to the petition letter addressed to you on June 9, 2021, a true and exact copy of which is attached hereto for convenience of reference (the “June 9th Letter”), in relation to that certain Loan Sale Agreement entered into as of September 7, 2018 by and between the Economic Development Bank for Puerto Rico (*Banco de Desarrollo Económico para Puerto Rico*) (by its Spanish acronym, the “BDE”) and a private foreign investor named PR Recovery and Development JV, LLC (“PR Recovery”), registered at the Office of the Comptroller of Puerto Rico under contract number BDEPR-2019-000044 (hereinafter, the “Loan Sale Agreement”), pursuant to which the BDE unlawfully transferred a \$384,269,047 loan portfolio to PR Recovery, at a 91% liquidation discount, and under other highly suspect circumstances that are the object of ongoing litigation.¹

¹ See the entire dockets of Civil Case Numbers SJ2020CV04491 and SJ2019CV11697, respectively, both pending before the Puerto Rico Court of First Instance, San Juan Part.



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As of the date of this follow-up letter, we have received no tangible response from your office as to the June 9th Letter, which punctually addressed several violations of the PROMESA Act and the standing policies of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”).

Section 204(b)(5) of the PROMESA Act, 48 U.S. 2144(b)(5), expressly states as follows:

“(5) FAILURE TO COMPLY.— If a contract, rule, regulation, or executive order fails to comply with policies established by the Oversight Board under this subsection, the Oversight Board may take such actions as it considers necessary to ensure that such contract, rule, executive order or regulation will not adversely affect the territorial government’s compliance with the Fiscal Plan, including by preventing the execution or enforcement of the contract, rule, executive order or regulation.” (Emphasis added.)

The plaintiff class asserts that it is the ministerial duty (“*deber ministerial*”) of the Oversight Board and its executive team to evaluate all Puerto Rico government contracts having a transactional valuation of \$10 million or more; such obligation being of an *ongoing and continuing* nature as to those material contracts known to have been circumvented away from the Oversight Board’s inspection prior to their execution.²

Accordingly, the Oversight Board carries the *ongoing and continuing* statutory obligation to scrutinize the \$384,269,047 Loan Sale Agreement that was purposefully diverted away from the Oversight Board’s revision and approval process and which the BDE, an instrumentality of the Government of Puerto Rico, has characterized in court pleadings as a multimillion-dollar fraud.³

To rule on this type of misconduct in Puerto Rico government contracting is the very reason that the Oversight Board exists. If the Oversight Board truly wishes “*to make the government contracting process more effective*”, “*to increase the public’s faith in this process*”, and to ensure that Puerto Rico government contracts (such as the Loan Sale Agreement) “*promote market competition*” and “*are not inconsistent with the approved fiscal plan*”, then the Loan Sale Agreement must be examined by the Oversight Board, immediately and without delay.

We support the Oversight Board’s mission in Puerto Rico. We make ourselves available to appear before the Oversight Board to present on this matter at its next public meeting and to illustrate the Oversight Board as to all the irregularities that surround the Loan Sale Agreement; such that the Oversight Board can make an informed decision as to this controversial government contract that was conducted outside of the Oversight Board’s reach, with the Oversight Board’s imputed knowledge of the contracting parties’ willful failure to comply with the PROMESA Act and its standing policies, and to financially benefit a private party.

² See the FOMB Policy: Review of Contracts adopted on November 6, 2017, as amended on April 30, 2021.

³ See the entire docket of Civil Case Number SJ2019CV11697, pending before the Puerto Rico Court of First Instance, San Juan Part.

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Once again, we petition the Oversight Board to evaluate the Loan Sale Agreement at its next public meeting, either to ratify the same or to declare it null and void under the federal powers at its disposal.

Sincerely,



Carlos Lamoutte

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